Registered Number:
01350718

Fraikin Limited

Report and Financial Statements

31 December 2021

Directors
J C P Mellier (Resigned on 30 June 2022)
D F Andre (Resigned on 20 May 2022)
D R Hall (Resigned on 30 June 2022)
Yves Alexandre Petin (Appointed on 1 July 2022)

Auditors
Constantin
Chartered Accountants and Statutory Auditor
25 Hosier Lane
London
EC1A 9LQ

Bankers
The Royal Bank of Scotland
15 Little Park Street
Coventry CV1 2RN

Lloyds TSB
2nd Floor, 125 Colmore Row
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Solicitors
The Wilkes Partnership LLP
41 Church Street
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Registered Office
First Floor 2M
Middlemarch Business Park
Siskin Dr
Coventry
CV3 4FJ

Strategic Report

The directors present their strategic report for the year ended 31 December 2021.

Results and dividends

The loss for the year after taxation amounted to £6,369,374 (2020 – £485,968). The directors do not recommend a dividend for the year (2020 – £nil).

Principal activity and business review

The principal activity of the company during the year continued to be the provision of contract hire facilities and other services in relation to commercial vehicles, as well as carrying out services on behalf of Fraikin Assets UK for which it receives management fees.

The company produces a comprehensive range of key performance indicators each month in order to measure the financial and operational parts of the business. Key financial performance indicators include turnover, vehicle fleet statistics and operating profit.

Turnover for the year ended 31 December 2021 was £67,178,449 (2020 – £56,693,582). The increase in the year is due to an increase in contract hire customer base and an increase in fleet management services with one large customer that saw significant growth during the Covid restrictions. Additional increases have been achieved through improved pricing controls. Turnover has increased despite global challenges within the supply chain causing extended lead times for new vehicle deliveries, in turn delaying some contracted revenue generation.

The number of vehicles in the contract hire fleet as at 31 December 2021 was 1,212 (2020 – 838). The increase in the fleet was due to a change in the financing treatment of some vehicles. The fleet management portfolio decreased during the year to 4,506 units as at 31 December 2021 (2020 – 4,722), due to a decision to end a contract with one unprofitable customer. During the year the rental fleet reduced from 372 to 284, as older vehicles were de-fleeted. Short-term rental continues to be an important segment to support our long-term Contract Hire customers.

Operating loss for the year ended 31 December 2021 was £5,750,482 (2020 – £727,261). Gross profit margins excluding impairment provisions have decreased in 2021 to -1.5% (2020 9.5%). This is mainly due to an increase in post COVID maintenance and repair catch up activities when servicing was negatively impacted by customers standing down vehicles on their fleet. Administrative expenses have increased by 4.2% in 2021. This is mostly due to an increase in professional consultancy costs while additional resources were brought into the business to support ambitious development plans.

The company has a significant order book of completed contracts with vehicles awaiting build and delivery into service in 2022 and 2023, and which amounts to circa £65m of committed capex investment. This reflects a strong inflow of continuing future replacement vehicle revenues and new growth vehicles. We have been successful in securing some significant new customers requiring contract hire and fleet services, and our sales objectives continue to be focused to maximise quality new growth opportunities. This gives the directors confidence in the stability of the business for the foreseeable future.

Fraikin Limited continues to provide industry leading high-quality comprehensive fleet services and support to all of its customers, through a committed, hardworking, passionate and customer focused team of employees. The directors greatly appreciate and thank our employees for their tireless contribution in 2021, and continuing efforts and support into the years ahead.

Financial risk management objectives and policies

The main risks arising from the company's operations are liquidity risk, credit risk and interest rate risk. The company does not enter into any foreign exchange transactions with the exception of those with group companies. The directors review and agree policies for managing each of these risks and these are summarised below.

Strategic Report (continued)

Liquidity risk

The company seeks to manage liquidity risk by managing the cash generation from its operations, applying cash collection targets and monitoring performance against these. In addition, the company has access to additional asset finance which is provided across multiple funders and is sufficient to support growth in the contract hire and rental fleet. Fraikin Group is also financed through a securitisation agreement taken out by Fraikin Assets SAS. The facility is a multicurrency loan and revolving facility.

Interest rate risk

The company has some exposure to changes in interest rates. The risk is regularly reviewed and managed at the UK level for the local funding of the fleet which forms a smaller part of the overall financing risk. Where local funding is adopted the vehicle contract is priced at a "strike" rate which is generally fixed throughout the contract life and priced into the contract pricing.

Overall, the risk is managed by the parent entity, which has in place interest rate swaps to manage rate fluctuations on its group external loans.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk arises from its trade debtors. In order to manage credit risk, the directors ensure that all customers undergo rigorous third-party credit checks and they undertake regular reviews of credit limits. Any outstanding amounts due from customers are rapidly chased through a strong credit control protocol and via customer account managers.

Brexit risk

Brexit has continued to shape the economy since June 2016 and further impact has been seen since the deal between UK and the rest of Europe, on 24 January 2020.Throughout the Covid-19 pandemic our first priority was to keep our people and customers safe. The areas which have impacted the company are through the supply of goods, services, and assets (including the availability of spares) . The company has put all the necessary actions in place to keep this impact to the minimum. We do not expect these to have a detrimental impact in future.

We have seen an increase in the prices of vehicles and parts as a result of exchange rate movements and/or tariffs and lack of availability of parts stock, however we are mitigating this risk via the terms of our Master Hire Agreements which allow us to pass additional costs on to our customers. We monitor our suppliers closely to ensure that they have sufficient stock levels to enable our business needs to continue operating.

DIRECTORS DUTIES

The Directors of the Company as those of all UK companies must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequence of any decisions in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company and maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between shareholders of the Company.

Strategic Report (continued)

The following paragraphs summarise how the Directors fulfil their duties:

Section 172 (1) Statement

Significant Transactions

Due to the principal activity of the company high levels of capital investment in new fleet is required both for new and existing customers. The UK investment committee meet once a week to review, agree and sign off all capital investments subject to the proposal meeting the specific set criteria. Detailed calculations are presented to allow the investment committee to reach a decision within their limit of £1m per single investment. Credit underwriting is completed and the customer is credit approved before being presented to the DOA (Delegation of Authority) committee. All locally approved proposals are discussed at the monthly UK results review held with the Group.

All investment decisions greater than £1m requires additional supporting documentation which is prepared by local management and submitted to Group for ultimate approval and formal sign off.

Our People

The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. People are at the heart of our specialist services and are our DNA. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way.

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

All employees are requested to complete an annual appraisal followed by a one to one meeting in which goals and objectives are agreed and prior year performance is reviewed. A further biannual appraisal is carried out during the year to ensure that each employee is on target to deliver results, or requires additional training and support to assist. The annual appraisals are linked in part to performance awards.

The company has identified a pool of employees as high potential, career development, training and mentoring programmes have been put in place to guide and support these individuals as part of the succession planning process.

Historically the company held quarterly town hall meetings to update employees on performance and ongoing / future projects. Following the impact of COVID-19, the majority of head office-based employees have worked remotely in financial year 2021 with all employees returning to office in financial year 2022. The management team recognised the importance of keeping the whole of the workforce updated regularly to advise and update the workforce on government guidance, company policy, keeping safe and to answer any questions to give reassurance as a result a weekly update was personally communicated to all employees by the Managing Director. In addition, daily updates and tips for mental health and wellbeing were communicated electronically by the HR and Health and Safety teams during the period. Along with COVID-19, the Ukraine-Russian conflict added additional challenges within the supply chain.

The meetings have now evolved into a fortnightly company update, which includes a chosen guest speaker from the company to give insight into their particular area of the business, employees are encouraged to ask questions ahead of the meeting which are answered in the address along with shout outs and thank you. Given the success of these meetings the management have agreed that they will continue to be held for the foreseeable future.

Strategic Report (continued)

Business Relationships

The Company recognises the importance of its business relationships with CAPEX / OPEX suppliers, customers and financiers. During the year increases to funding have been secured to allow the business to promote specific brands which has further strengthened relationships with OEM's. The directors understand the important role that the third-party supplier network performs to ensure that the company delivers the optimum service to the customer base to ensure that all vehicles are maintained effectively and remain legally compliant, regular and open dialogue is maintained between this network and the management to ensure any potential disruption is minimised.

Community and Environment

The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our experience and enable colleagues to support the communities around us. The UK senior management team agreed to work with Coventry City of Culture and women in transport.

All hazardous waste is disposed of by a specialist company engaged by the Head of Compliance at the request of the UK senior management team. Any non-conformance and their corrective measures are reported to the UK senior management team immediately.

Shareholders

The UK senior management team is committed to openly engaging with all of our stakeholders, as we recognise the importance of a continuing effective dialogue, whether with major institutional investors, group parent and other key shareholders. It is important to us that shareholders understand our strategy and objectives so these must be explained clearly, feedback heard and any issues or questions raised properly considered. This is achieved by the following:

Our shareholders and group parent entrust the UK senior management team to run the company in good faith on a day-to-day basis whilst also considering and shaping the future business strategy. The UK senior management team meets monthly to review and discuss the company performance as a whole against both budget and compliance.

This is subsequently followed by a monthly UK results review which is presented to the Group executive team in a set template, all actions arising from the meeting are delegated to the UK senior management team to execute in a timely manner.

In addition to the monthly Group review the Managing Director of the UK is invited to attend the monthly EXECOM shareholders meeting at which the group consolidated results are reviewed with an update then given for each country, the Managing Director is tasked with cascading goals and objectives to the UK senior management team.

The UK senior management team is responsible for the delivery of the UK budget, submissions are formally reviewed with the Group executive team in line with shareholders expectations in November. All adjustments are clearly communicated down to the UK senior management team who will amend and re submit accordingly. The consolidated group budget is then presented to the shareholders for formal sign off in December; once this has been received the budget is disseminated to the UK to action.

On behalf of the Board

DocuSigned by:

Yves Petin

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Yves Alexandre Petin

Director

Date: 9/30/2022

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2020. As permitted by the Companies Act, certain items which should be included in the Directors report have been included in the Strategic report.

Directors

The directors who served the company during the year and subsequently were as follows:

J C P Mellier (Resigned on 30 June 2022)
D F Andre (Resigned on 20 May 2022)
D R Hall (Resigned on 30 June 2022)
Yves Alexandre Petin (Appointed on 1 July 2022)

Future Developments

The Company intends to continue operating in the provision of contract hire facilities and other services in relation to commercial vehicles.

Going concern

COVID-19 has continued to impact the global and UK economies, with dislocations resulting in most industry sectors and stress being felt within the SME ecosystem. In line with the previous year the company has continued in its ordinary course of business, supporting SME's whilst taking proactive actions to protect its balance sheet against current and potential future stresses.

Due to the interdependency of Fraikin Limited with Fraikin Assets (a division of Fraikin SAS operating in the UK), cash flows are reviewed on a combined basis. Forecasting has been completed with a number of assumptions through to the of August 2023, which are predominantly based on levels of delinquency stemming from forbearance of the long term contract hire book of business, which show that the UK business activities would continue to have funds to meet its liabilities as they fall due.

Given the complex nature of the company's contractual arrangements and the level of fees due from companies within the Fraikin Group, primarily Fraikin Assets there is a reliance on the going concern of Fraikin SAS for the ongoing nature of the company's operations. Fraikin Assets SAS is also party to the Group securitisation. As a result, a letter of support has been obtained from the company's parent company, Fraikin SAS and the directors have therefore also considered whether the Group can provide such support.

The current securitisation facility in place for Fraikin SAS was renewed and replaced in December 2021. The facility is multi-currency loan facility, which is available until November 2026, and is repayable by a single payment on maturity. The loan is subject to a certain group covenants.

In terms of additional funding within the Group, the €40m government state loan repayment has been extended by 4 years to August 2025. As a result, both tranches of senior debt have therefore been extended (as government loan needs to be repaid first) to April 2026 and October 2026.

On this basis the Directors have confidence that the group will continue to perform strongly for the foreseeable future, the securitisation has been renewed and the Company's financial statements have been prepared on a going concern basis.

Directors' Report (continued)

Directors' qualifying third party indemnity provision

The company has indemnified the directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' report.

Energy and Carbon Report

During the year the company's energy consumption has been as follows:

	2021 tC02e	2020 tC02e
Emissions from combustion of Gas Oil	122	129
Emissions from combustion Natural Gas	136	93
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel	52	52
Emissions from purchased electricity	142	174
Total gross tCO2e based on above	453	449
Intensity ratio (tCO2e/FTE)	0.13	0.14
The company's total KwH consumption in the year	2,110,349	1,981,623

The company continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements,

We have launched and implemented the below strategic initiatives:

- EV Strategy
- Fraikin Connect
- What you need to know guides
- ISO 14001 Certification

Fraikin (offices and sites have occupancy sensors for lights to cut electricity use and address inefficient and unnecessary lighting.

Finally, recommendations identified as part of ESOS PH2 assessment are under review for future implementation.

Additional indirect energy and carbon emission savings have also been achieved through a range of measures, including implementation of new enterprise-level software application which provides a quality assurance and data capture capabilities into one energy and carbon management solution. This also provides audited and verified data on our GHG emissions.

Meeting the requirements of the UK Government Scheme, "Streamlined Energy and Carbon Reporting":

The energy and carbon reporting above has been produced using the following methodology:

Directors' Report (continued)

Emissions factor source - DEFRA 2020
Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. Transport data was calculated from litres and mileage data to kWh and GHG emissions using the method above. In the absence of the exact engine sizes of the vehicles average conversion factors were used to calculate emissions.

Electric consumption has been estimated based on invoices received from landlords using 'Quarterly Energy Prices - Prices of fuels purchased by non-domestic consumers in the UK' from BEIS. The quarterly average prices of kWh have been used to calculate consumption.

Following the recommendations of the SECR legislation and based on the nature of our business, as we perform a wide range of activities, FTE (Full Time Equivalent staff) gives the best overview on our efficiency performance with regard to an intensity metric.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Post balance sheet events

There are no post balance sheet events to report.

On behalf of the Board

DocuSigned by:
Yves Petin
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Yves Alexandre Petin
Director

Date: 9/30/2022

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the financial statements, state whether applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/ or the group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent Auditor's Report

to the members of Fraikin Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRAIKIN LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Fraikin Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the company which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report (continued)

to the members of Fraikin Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Independent Auditor's Report (continued)

to the members of Fraikin Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation etc; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent Auditor's Report (continued)

to the members of Fraikin Limited

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Bathgate

FCA (Senior Statutory Auditor)

for and on behalf of Constantin

Chartered Accountants and Statutory Auditor

25 Hosier Lane

London

EC1A 9LQ

Date: 30th September, 2022

Income Statement

for the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	67,178,449	56,693,582
Cost of sales		(67,905,193)	(51,442,633)
Gross (loss) / profit		(726,744)	5,250,949
Administrative expenses		(5,023,704)	(6,249,629)
Other operating (expense) / income	4	(34)	271,419
Operating loss	5	(5,750,482)	(727,261)
Interest receivable	8	962,981	1,232,298
Interest payable and similar charges	9	(1,581,873)	(991,005)
Loss on ordinary activities before taxation		(6,369,374)	(485,968)
Tax on loss on ordinary activities	10	-	-
Loss for the financial year		(6,369,374)	(485,968)

The Company had no other comprehensive income during the year. As such total comprehensive income is the same as the loss for the year.

Balance sheet

at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Intangible assets	11	636,197	1,053,355
Tangible assets	12	20,039,996	22,733,254
Right-of-use assets	13	14,595,610	10,321,990
		35,271,803	34,108,599
Current assets			
Stocks	14	93,049	302,191
Debtors – due within one year	15	52,777,074	54,502,316
Cash at bank and in hand		2,006,749	692,171
		54,876,872	55,496,678
Creditors: amounts falling due within one year	17	(28,284,374)	(26,671,378)
Net current assets		26,592,498	28,825,300
Total assets less current liabilities		61,864,301	62,933,899
Creditors: amounts falling due after more than one year	18	(21,891,523)	(16,591,747)
Net assets		39,972,778	46,342,152
Capital and reserves			
Called-up equity share capital	19	21,500,000	21,500,000
Share premium account	20	14,413,560	14,413,560
Profit and loss account		4,059,218	10,428,592
Shareholders' funds		39,972,778	46,342,152

Approved for issue by the Board of Directors and signed on its behalf by:

DocuSigned by:

Yves Petin

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Yves Alexandre Petin
Director

Date: 9/30/2022

Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital £	*Profit and loss account* £	*Share premium* £	*Total share-holders' funds* £
At 1 January 2020	21,500,000	10,914,560	14,413,560	46,828,120
Loss for the year	-	(485,968)	-	(485,968)
At 31 December 2020	21,500,000	10,428,592	14,413,560	46,342,152
At 1 January 2021	21,500,000	10,428,592	14,413,560	46,342,152
Loss for the year	-	(6,369,374)	-	(6,369,374)
At 31 December 2021	21,500,000	4,059,218	14,413,560	39,972,778

Notes to the financial statements
at 31 December 2021

1. Authorisation of financial statements and statement of compliance with FRS 101

Fraikin Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of the registered office is First Floor, 2M, Middlemarch Business Park, Siskin Drive, Coventry, CV3 4FJ.

The financial statements of the Company for the year ended 31 December 2021 were authorised for issue by the board of directors on 29 September 2022 and the balance sheet was signed on the board's behalf by Yves Alexandre Petin.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

2. Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company is a qualifying entity, being part of a group where the parent prepares publicly available consolidated accounts and therefore has taken advantage of the following disclosure exemptions available under FRS 101:

(a) the requirements of IAS 7 Statement of Cash Flows;
(b) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(c) the requirements of IAS 8 disclosures in respect of new standards and interpretations that have been issued but are not yet effective;
(d) the requirements of IAS 24 Related Party Disclosures in respect of related party transactions entered into by fellow group companies (the company has no other related party transactions);
(e) roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16) and intangible assets (IAS 38); and
(f) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
(g) the requirements of IFRS 7 Financial Instrument: Disclosure

Notes to the financial statements (continued)
at 31 December 2021

2. Principal accounting policies (continued)

Going concern

COVID-19 has continued to impact the global and UK economies, with dislocations resulting in most industry sectors and stress being felt within the SME ecosystem. In line with the previous year the company has continued in its ordinary course of business, supporting SME's whilst taking proactive actions to protect its balance sheet against current and potential future stresses.

Due to the interdependency of Fraikin Limited with Fraikin Assets (a division of company's immediate parent undertaking Fraikin SAS operating in the UK), cash flows have been reviewed on a combined basis. Forecasting has been completed with a number of assumptions through to August 2023, which are predominantly based on levels of delinquency stemming from forbearance of the long term contract hire book of business, which show that the UK would continue to have funds to meet its liabilities as they fall due.

Given the complex nature of the company's contractual arrangements and the level of fees due from companies within the Fraikin Group, primarily Fraikin Assets there is a reliance on the going concern of Fraikin SAS for the ongoing nature of the company's operations. Fraikin Assets SAS is also party to the Group securitisation. As a result, a letter of support has been obtained from the company's parent company, Fraikin SAS and the directors have therefore also considered whether the Group can provide such support.

The current securitisation facility in place for Fraikin Assets SAS was renewed and replaced in December 2021. The facility is multi currency revolving facility, which is available until December 2024, and is amortised at the end of availability period. The facility is subject to a certain group covenants.

In terms of additional funding within the Group, the €40m government state loan repayment has been extended by 4 years to August 2025. As a result both tranches of senior debt have therefore been extended (as government loan needs to be repaid first) to April 2026 and October 2026.

On this basis the Directors have confidence that the group will continue to perform strongly for the foreseeable future. The securitisation has been renewed and although and the Company's financial statements have been prepared on a going concern basis.

Significant accounting policies

Foreign currency translation
The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Notes to the financial statements (continued)

at 31 December 2021

2. Principal accounting policies (continued)

Intangible assets

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition costs incurred are expensed and included in administrative expenses.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

The useful economic life of software is 7 years.

Tangible fixed assets

Tangible fixed assets are stated at cost (less manufacturers' discounts) less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated so as to write off the cost of an asset via a reducing balance method over the useful asset life, as follows:

Vehicles up to and including 3.5T	–	10 years
Vehicles over 3.5T	–	12 years
Tractor units	–	10 years
Trailers	–	14 years

At the end of these useful lives the asset value is reduced to £nil.

For all other tangible fixed asset classes depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold land	–	not depreciated
Freehold buildings	–	20 years
Plant, machinery and equipment	–	3 to 10 years
Leasehold improvements	–	the term of the lease

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. The impairment review is carried out on annual basis via benchmarking against the independent external agency who provide the market value of the assets on monthly basis.

Notes to the financial statements (continued)
at 31 December 2021

2. Principal accounting policies (continued)

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement.

Leases – company as a lessor

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Leases – company as a lessee

Assets leased in under operating leases are included under the IFRS16 disclosures. Rental payments, including the effect of lease incentives, is recognised on a straight-line basis over the lease term.

Finance Leases- Company as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased right-of-use assets

The Company applies a single recognition and measurement approach for all leases except for short-term leases and leases of low value assets. The Company recognises lease liabilities in respect of obligations to make lease payments and right of use assets representing the right of us of the underlying assets.

Following the adoption of IFRS16 right of use asset are recognised on the commencement date of the lease, at the amount of the corresponding lease liability, discounted at the leases IBR.

The IBR is the rate of interest that the company have to pay to borrow over a similar term, and with similar security the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment.

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain whether or not to exercise the option to renew or terminate. After the commencement date, the company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not exercise the option to renew or terminate.

The right-of-use asset is depreciated over a straight-line basis over the term of the lease, or, if shorter, the useful life of the asset. The useful lives of right-to-use assets are estimated based on the term of the lease. The leased right-of-use assets are also subject to impairment.

Notes to the financial statements (continued)
at 31 December 2021

2. Principal accounting policies (continued)

Financial Instruments - Financial assets

The company has loans and receivables, such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment.

Trade debtors, who generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

IFRS9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included loans, other debt-type financial assets measured at amortised cost and inter-company balances and trade receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and managing expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Financial Instruments - Financial liabilities

In addition to short-term creditors, the company only has loans and borrowings. Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements (continued)

at 31 December 2021

2. Principal accounting policies (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Revenue recognition

Sale of goods and services

Revenue from contract hire vehicles, daily rental vehicles and maintenance contracts is recognised equally over the period of the contract. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. Customer deposits are deferred and released to income at the end of the contract or refunded to the customer.

Revenue from management, purchasing and maintenance services is recognised as the service is provided in line with the underlying contractual agreements.

The company purchases vehicles for use in contracts by Fraikin Assets UK, the UK branch of the Company's immediate parent undertaking Fraikin SAS. These vehicles are immediately reassigned to Fraikin Assets UK under a Master Assignment Deed, such that Fraikin Limited does not own the vehicles. A commission is earned for providing this service which is recognised as revenue when title of the vehicle is passed to Fraikin Assets UK.

Interest income

Income is recognised as interest accrues using the effective interest method.

Government Policy

Monies receivable under the government furlough's scheme is credited to profit and loss account in the period that the respective claim is related to.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions are charged to the profit and loss account in the period they become payable.

Provisions for liabilities

A provision is recognised when the company has a legal constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Repairs and maintenance

Expenditure in respect of repairs and maintenance of the company's fleet of commercial vehicles is charged to the profit and loss account in the accounting period in which the expenditure is incurred.

Notes to the financial statements (continued)
at 31 December 2021

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Residual values of fixed assets and useful economic lives

Management judgement is required to assess the residual value of the fixed assets as well as their useful economic life.

Impairment review for Property, Plant & Equipment

Management assesses the need for an impairment of the carrying value of property, plant and equipment through an annual review of the expected future net cash flows of the business. This is based on a number of management assumptions relating to revenue and EBITDA growth and the applicable discount rate.

If an impairment review is required management consider the recoverable value of the assets, which is the higher of the net realisable value of the vehicles and also their value in use. The reviews include a number of assumptions hence an area of judgement and estimation.

3. Turnover

Analysis of turnover by service provided:

	2021	*2020*
	£	*£*
Contract Hire, Truck Rental and Fleet Management	42,991,087	30,676,107
Management Fees	21,149,876	23,200,063
Other Services	3,037,486	2,817,412
	67,178,449	56,693,582

All turnover arose within the United Kingdom.

4. Other operating (expense) / income

	2021	*2020*
	£	*£*
Rent payable	(34)	-
Furlough income	-	271,419
	(34)	271,419

Notes to the financial statements (continued)
at 31 December 2021

5. Operating loss

This is stated after charging/ (crediting):

	2021	*2020*
	£	*£*
Auditors' remuneration – audit of the financial statements	120,000	120,000
- tax services	5,000	5,000
	125,000	125,000
Depreciation of owned fixed assets	5,118,539	4,333,600
Depreciation of right-of-use assets	3,363,633	1,777,796
Impairment (reversal) / charge of fixed assets	(226,707)	143,250
Amortisation of intangible assets	417,158	589,672
Profit on disposal of fixed assets	(1,041,567)	(129,386)
Realised exchange (gain)/loss on foreign currency borrowings	(822,654)	819,687

6. Directors' emoluments

	2021	*2020*
	£	*£*
Emoluments receivable in respect of qualifying directors	306,440	168,341
Company pension contributions to money purchase scheme	19,500	9,750

The number of directors who accrued benefits under the company pension scheme was as follows:

	2021	*2020*
	No.	*No.*
Money purchase schemes	1	1

The above disclosures also represent that of the highest paid director.

Two (2020 – two) of the directors are employed and remunerated by the parent company. The directors remunerated by the parent company consider that their time spent on Fraikin Limited is inconsequential and as such no remuneration is disclosed for the years ended 31 December 2021 and 31 December 2020.

Notes to the financial statements (continued)
at 31 December 2021

7. Staff costs

	2021	2020
	£	£
Wages and salaries	11,478,404	9,689,688
Social security costs	1,117,498	948,311
Other pension costs	314,152	311,057
	12,910,055	10,949,056

The average monthly number of employees during the year was made up as follows:

	2021	2020
	No.	No.
Management and administration	160	125
Vehicle maintenance	137	145
	297	270

8. Interest receivable

	2021	2020
	£	£
Bank interest receivable	1,025	680
Intercompany interest receivable	961,956	1,231,618
	962,981	1,232,298

9. Interest payable and similar charges

	2021	2020
	£	£
External bank loans and overdrafts	1,068,596	579,696
Right of use assets	513,277	411,309
	1,581,873	991,005

Notes to the financial statements (continued)
at 31 December 2021

10. Tax

(a) Tax credited in the profit and loss account

	2021	2020
	£	£
Current tax:		
UK corporation tax on the loss for the year	-	-
Adjustment in respect of prior years	-	-
Total current tax (note 10(b))	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	-
Total deferred tax (note 16)	-	-
Tax income in the profit and loss account	-	-

(b) Reconciliation of the total tax credit

The tax credit in the profit and loss account for the year is higher (2020 – lower) than the standard rate of corporation tax in the UK of 25% (2020 – 19% (translated from 17% from previous year)). The differences are reconciled below:

	2021	2020
	£	£
Loss before taxation	(6,369,375)	(485,968)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	(1,210,181)	(92,334)
Effects of:		
Expenses not deductible for tax purposes	400,231	180,094
Amounts not recognised	809,951	(87,760)
Income not taxable	-	-
Adjustment in respect of prior years	-	-
Total tax credit reported in the profit and loss account (note 10(a))	-	-

Finance Act 2020, which was substantively enacted on 11 March 2020, maintained the corporation tax rate at 19% until 31 March 2023.

Finance Act 2021, which was substantively enacted on 24 May 2021, has enacted an increase in the UK corporation tax main rate to 25% from 1 April 2023.

As this rate change had been substantively enacted before the balance sheet date, the closing deferred tax assets and liabilities have been calculated at 25%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

The UK Mini Budget 2022 announcements on 23 September 2022 included a repeal the corporation tax rate back to 19% instead of 25%, which was due to be effective from 1 April 2023.As this change has not been enacted at the balance sheet date its effects are not included in these financial statements.

Notes to the financial statements (continued)
at 31 December 2021

11. Intangible fixed assets

	Goodwill	*Software*	*Total*
	£	*£*	*£*
Cost:			
At 1 January 2021	9,580,638	4,681,137	14,261,775
Additions	-	-	-
At 31 December 2021	9,580,638	4,681,137	14,261,775
Amortisation:			
At 1 January 2021	9,580,638	3,627,782	13,208,420
Charge for the year	-	417,158	417,158
At 31 December 2021	9,580,638	4,044,940	13,625,578
Net book value:			
At 31 December 2021	-	636,197	636,197
At 31 December 2020	-	1,053,355	1,053,355

12. Tangible fixed assets

	Freehold land and buildings	*Plant, machinery and equipment*	*Contract vehicles*	*Leasehold improve-ments*	*Total*
	£	*£*	*£*	*£*	*£*
Cost:					
At 1 January 2021	444,521	1,942,945	39,497,361	3,457,386	45,342,213
Additions	-	791,235	3,528,932	-	4,320,167
Disposals	-	(181,947)	(10,688,236)	-	(10,870,183)
At 31 December 2021	444,521	2,552,233	32,338,057	3,457,386	38,792,197
Depreciation:					
At 1 January 2021	144,361	750,340	19,352,887	2,361,371	22,608,959
Charge for the year	26,264	721,811	4,263,454	107,010	5,118,539
Impairment reversal			(226,707)		(226,707)
Disposals	-	(1,941)	(8,746,649)	-	(8,748,590)
At 31 December 2021	170,625	1,470,210	14,642,985	2,468,381	18,752,201
Net book value:					
At 31 December 2021	273,896	1,082,023	17,695,072	989,005	20,039,996
At 31 December 2020	300,160	1,192,605	20,144,474	1,096,015	22,733,254

Notes to the financial statements (continued)
at 31 December 2021

Following an impairment review, an impairment of £97,740 has been recorded (2020 - £143,250), the key reason due to the average age of the rental fleet increasing and the impact on the utilisation of these particular assets.

Included in contract vehicles there are £nil (2020: £1,1512,034) are the assets under construction included in contract hire vehicles and no depreciation is charged on these assets.

13. Right-of-use assets

	Leasehold land and buildings	*Commercial Vehicles*	*Company Car Leases*	*Total*
	£	*£*	*£*	*£*
Cost:				
At 1 January 2021	4,493,670	7,874,297	306,858	12,674,825
Additions	399,138	7,272,178	-	7,671,316
Disposal	(280,004)	(34,064)	(19,399)	(333,467)
At 31 December 2021	4,612,804	15,112,411	287,459	20,012,674
Depreciation:				
At 1 January 2021	1,166,438	1,034,595	151,800	2,352,833
Charge for the year	(906,456)	(2,379,550)	(77,626)	(3,363,633)
Disposal	280,004	34,064	19,399	299,403
At 31 December 2021	1,792,889	3,414,147	210,027	5,417,063
Net book value:				
At 31 December 2021	2,819,915	11,698,264	77,431	14,595,610
At 31 December 2020	3,327,232	6,839,702	155,056	10,321,990

14. Stocks

	2021	*2020*
	£	*£*
Spare parts, fuel and lubricants	93,049	302,191

The difference between the purchase price of stock and its replacement cost is not material.

Notes to the financial statements (continued)
at 31 December 2021

15. Debtors

	2021	2020
	£	£
Trade debtors	9,269,584	6,672,254
Amounts owed by group undertakings	38,267,319	41,654,253
Other debtors	1,007,937	1,040,245
Prepayments and accrued income	4,232,234	5,135,564
	52,777,074	54,502,316

Included within amounts owed by group undertakings are loans to Fraikin SAS of £27,499,266.45 (2020 - £31,915,127) and Fraikin Assets UK of £5,500,000 (2020 - £5,500,000). The former is repayable on demand and interest is payable at a variable rate set by the Bank of France, whilst the latter is repayable on demand, but only in the event that Fraikin Assets UK has surplus funds in line with a signed agreement. Interest is payable at a variable rate set by the Bank of France.

16. Deferred tax

The movement in the deferred tax account during the year was:

	2021	2020
	£	£
Balance brought forward	-	-
Profit and loss account movement arising during the year (note 10(a))	-	-
Balance carried forward	-	-

Unrecognised deferred tax relates to:

	2021	2020
	£	£
Trading losses	3,440,892	1,600,771
Fixed assets	25,686	158,242
Temporary trading difference	210,941	146,693
	3,677,519	1,905,706

The deferred tax asset not recognised at 25% (2020: 19%) amount to £3,677,519(2020: £1,905,706).

Deferred tax is not recognised due to uncertainty around level of future taxable profits.

Notes to the financial statements (continued)
at 31 December 2021

17. Creditors: amounts falling due within one year

	2021 £	*2020* £
Loans (note 18)	3,782,842	6,410,327
Right-of-use lease liability (note 18)	4,383,740	2,212,884
Trade creditors	3,911,151	6,541,679
Amounts owed to group undertakings	5,041,694	2,812,081
Other taxation and social security	(30,189)	1,558,628
Accruals and deferred income	11,195,136	7,135,779
	28,284,374	26,671,378

Trade creditors and are non-interest bearing and are normally settled on 60 day terms.
Other creditors are non-interest bearing and are normally settled on 60-90 day terms.
Amounts owed to group undertakings are non-interest bearing and are normally settled on 60 day terms.

18. Creditors: amounts falling due after more than one year

	2021 £	*2020* £
Loans	10,687,469	7,374,027
Right-of-use lease liability	11,207,225	8,523,779
Other creditors	(3,169)	693,941
	21,891,525	16,591,747

Loans include facilities with Black Horse Fleet Finance, Close Brothers and Mercedes Benz Financial Services UK Ltd. The loans are contracted for the purchase of vehicles and have an average repayment term of 5 years. The loans are secured by a charge over the vehicles purchased through the loan facilities.

A total of £3,782,842 (2020: £6,410,327) is included as a current instalment of the overall loan facilities and represents the portion of the loan which is due within 1 year from the balance sheet date. The total of all loans amount to £10,687,469.08 (2020: £13,784,354), made up of Black Horse Fleet Finance £2,528,209 (2020: £6,161,702), Man Finance Services £nil (2020: £720) and Mercedes Benz Financial Services Ltd £8,287,805 (2020: £7,263,318) and Close Brothers £260,021(2020: 358,614). Of the total balance, £17,883 is due after 5 years from the balance sheet date.

Financial liabilities under operating leases / right of use lease liabilities of £3,335,331 (2020-£2,064,066) were repaid in the year and interest of £513,277 (2020 £411,309) charged. Liability due in less than one year is £4,383,740(2020 £2,212,896), 2-5 years is £9,486,652 (2020-£6,504,565) and more than 5 years is £973,899 (2020- £2,019,202).

19. Issued share capital

		2021		*2020*
Authorised, allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	21,500,000	21,500,000	21,500,000	21,500,000

Notes to the financial statements (continued)

at 31 December 2021

20. Share premium account

There were no movements in the share premium account during the year.

21. Capital commitments

Amounts contracted but not provided in the financial statements amounted to £182,559 (2020 – 303,241).

In addition to above, the business is committed to enter into operating leases amounting to £0 (2020: £4,494,834) at the period end .

22. Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. There are no other transactions which require disclosure.

23. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Fraikin SAS and its ultimate parent undertaking and controlling party is Financiere Truck (investissement) SAS, a company incorporated in France. The largest and smallest group for which group financial statements are prepared is Financiere Truck (investissement) SAS. Copies of the group financial statements can be obtained from Fraikin, West Plaza, 9 Rue du Debarcadere, CS 80037, 92700 Colombes, Cedex, France.

24. Post balance sheet events

There are no post balance sheet events to report.